

Due Diligence Check List Prior to Closing

Project Name: _____

Target Close Date: _____

LEGAL, TITLE AND SURVEY	Status	Comments	Assigned
Investment Entity (typically pass thru entity)			
Review of Operating Agreement			
Articles of Organization			
Operating Agreement			
Exhibits to Operating Agreement			
Distribution Calculation Example			
Investment/Asset Operations Plan			
Organizational Chart			
Reporting Template			
Federal Employer (Tax) ID #			
Letter of Intent			
Purchase and Sale Agreement			
Assignment of Purchase and Sale			
Exhibits to Purchase and Sale			
Posting of deposit			
Assignment of leases and rents			
Bill of Sale			
Deed of Trust			
Title			
Preliminary title report			
Survey			
Title review by counsel			
Title exceptions			
Final title policy			
Reciprocal-use easements and restriction agreements			
Escrow			
Escrow closing statement			
Escrow instructions			
Receipt of final			
Description of the property/ Map			
Review ground lease documents (if any)			

FINANCIAL AND OPERATIONAL	Status	Comments	Assigned
Allocation memo to the file			
Business Plan			
Proposed budget and pro forma			
Insurance coverage information			
Builders' Risk (A rated carrier)			
Business Disruption			
Commercial General Liability			
Earthquake			
Property Coverage			
Investment Group Funds Allocation			
Property management agreement			
Real estate taxes:			
Assess impact of sale on real estate taxes			
Review bonds/special assessments (if any)			
Review current and prior years' tax assessment notices			
Review real estate taxes			
Reconciliation of Purchase Price			
Review any permits or licenses required to operate property			
Review CC&R's, owners' association documents, by-laws			
Review appraisal			

ENTITLEMENT	Status	Comments	Assigned
Building permit			
City approvals with conditions			
Create chart and schedule of required permits			
Development agreement with City (if any)			
Final map			
Grading permit			
Land use report/ Zoning Review			
Off-site improvement agreement			
Prepare schedule of key dates			

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PHYSICAL & ENVIRONMENTAL	Status	Comments	Assigned
ADA, seismic, roof, structural, HVAC, elevator, sprinkler, plumbing			
Construction estimates			
Mold			
Obtain any third-party or other engineering reports			
Plans and specifications			
Review construction contract			
Review environmental (Phase 1)			
Review flood zone			
Review geotechnical reports			
Tenant improvement plans			
Verify # of parking spaces			
Verify ceiling height, floor slab, #/type of loading docks, etc.			

PROJECT SPONSOR	Status	Comments	Assigned
Accounting system review			
Background Check			
Financial Info: bal sheet, contingent liabilities/guarantees			
Litigation Review/ Disclosure			
Organizational chart			
References			
Resume			
Tax returns			

MARKET	Status	Comments	Assigned
Analyze building and land sale comps			
Analyze potential competition- planned/ entitled projects			
Obtain general background information on the market			
Perform demographic analysis			
Perform study of competition and market rent comparables			
Tour competing properties/ Potential competition			

PRE-SALES, TENANCY AND LEASES	Status	Comments	Assigned
Compare leases to seller rent roll/ financial projections			
Examine tenant options- termination, renewal, rights of first refusal, expansion			
Financial statements of tenants			
Obtain all sales contracts for pre-sales			
Obtain insurance certificates for all tenants			
Review all leases			
Review all tenant correspondence and files			
Review standard lease form			

PRE-CLOSING	Status	Comments	Assigned
Final versions of 3rd party reports			
Review final purchase and sale agreement			
Review settlement statements			
Proper allocation of closing costs			
Return of deposit (plus interest)			
Verify real estate taxes, tax period			

DEBT	Status	Comments	Assigned
Acquisition loan (Senior Loan Documents)			
Assignment and Assumption Agreement			
Assignment of contracts and subcontracts			
Assignment of rents			
Borrower's formation and authority documents			
Borrower's opinion letter			
Borrower's personal guarantee			
Completion guaranty			
Deed of Trust			
Guaranty: non-recourse exceptions			
Promissory note			

POST-CLOSING	Status	Comments	Assigned
Finalize funds adjustments			
Pay all due diligence / closing bills			
Receipt of first Activity Report			
Verify insurance confirmation			

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Name	E-mail	Phone	Company	Initials